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MINISTRY OF STEEL, MINES & FUEL

RESOLUTION

(Department of Iron & Steel)

New Delhi, the 7th September 1959

No. SC(A)-2(248)/57.—In their letter No. 63(4)-T.R./58, dated 24/25 January 1958, Government of India in the Ministry of Commerce and Industry requested the Tariff Commission to conduct an inquiry and recommend the retention price for tinplates payable to the Tinplate Company of India Ltd., for the period from 1st January 1957 to 31st December 1960. The Tariff Commission having conducted its enquiry has submitted its Report. Its main recommendations are:—

(1) The domestic demand for tinplate is estimated at 111,000 tons in 1958 and 138,000 tons in 1960. Government should take up for early consideration the question of establishing a new tinplate manufacturing unit capable of producing about 65,000 tons of tinplate by employing the cold reducing process.

(2) The fair average retention prices for tinplates produced by the Tinplate Co. Ltd., (exclusive of packing charges) should be as follows:—

Year	(Rs. per ton)
1957	902.48
1958	1042.67
1959 and 1960	1029.68

(3) Packing charges as stated in paragraph 13 of the Report should be paid to the Company in addition to the retention prices for the year 1957 and as stated in para 20 of the Report for the years 1958 and 1959-60.

(4) The sale of scrap at rates lower than the controlled rate should be fixed, in future, in consultation with the Iron and Steel Controller.

(5) If Tinplate Company's realisations by sale of steel scrap during the years 1958, 1959 and 1960 exceed the assumptions as a result of sales taking place at rates higher than the concessional rates mentioned in the Report, the excess realisation should be received by the Iron and Steel Controller from the Company for credit of the Steel Equalisation Fund.

(6) The Tinplate Company of India Ltd., should endeavour to control recruitment of labour and to absorb existing surplus labour in future vacancies.

(7) If for reasons beyond the Tinplate Company's control the supply of tin-bars and Tata packs in 1958 fall short of its requirements and the Company finds that its works cost are higher than those estimated by the Commission to such an extent as to cause a serious decline in its profits, the Company may apply to Government for a review of the retention prices recommended for 1958.

(8) Any variation in the cost of tin purchased by the Company due to a variation in its prices, should be adjusted with the Steel Equalisation Fund.

(9) As and when controlled selling prices of tin bars and Tata packs are revised, revision should be made in the retention prices of tin plates for 1958 and 1959/60 on the basis of the revised prices of tin bars and Tata packs.

(10) The retention prices of tinplate for 1958 and 1959/60 should also be adjusted from time to time to the extent that manufacturing costs for those years have altered as a result of changes in railway freight, changes in the statutory prices of consumable stores and changes in labour costs caused by labour legislation or adjudication or conciliation awards.

2. The Government of India have given careful consideration to the recommendations of the Tariff Commission. They accept recommendations (3), (5), (8) and (9). In regard to recommendation (2), in view of the fact that there have been increases in the consumption of raw materials, power, coal etc., amounting to Rs. 16.46 per ton which are not directly attributable to increases in the manufacturing costs, Government consider that it would not be appropriate to allow such increases.

3. The Tariff Commission have in their present Report adopted the principle of fixing a return on 'employed capital' after allowing for depreciation instead of the previous basis of return on 'gross block' and have recommended a return of 8 per cent for the year 1957 and 10 per cent thereafter. It is observed that the lower rate suggested for 1957 is primarily due to the fact that manufacturing costs have increased partly as a result of inefficient operation. In view of the deduction mentioned in paragraph (2) above, Government of India consider that the Company may be allowed a return of 10 per cent return on 'employed capital' at a uniform rate for the entire period from 1st January 1957 to 31st December 1960.

4. With regard to recommendation (7); it will be open to the Tinplate Company of India Ltd., to make representations to Government, if and when a situation visualised in this recommendation arise. Government will consider such representations on merits.

5. As regards recommendation (10), Government of India observe that the Tariff Commission have followed the principle of 'escalation' which has been allowed in the case of the Main Producers of steel viz., M/s. TISCO and IISCO. Government consider that it would not be desirable to extend the same principle to Secondary Producers including the Tinplate Company of India Ltd.

6. In regard to recommendation (1) referred to para (1) above, Government of India are alive to the need for supplementing the existing production capacity, and this is under the active consideration of Government.

7. The Government of India agree with recommendations (4) and (6) and hope that the Tinplate Company of India Ltd., will take early steps to implement them.

ORDER

Ordered that a copy of this Resolution be communicated to all concerned and that it be published in the Gazette of India, Extraordinary.

S. BHOTHALINGAM, Secy.